



**EASTERN
METALS**

Eastern Metals Limited

ABN 29 643 902 943

C/-Boardroom Pty Ltd

Level 12

225 George Street

Sydney NSW 2000

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info@easternmetals.com.au

*Interim Financial Statements for the period
commencing 1 July 2021 and ended 31
December 2021*

Corporate Directory

Directors

Robert (Bob) Duffin – Non-Executive Chairman

Wayne Rossiter – CEO & Managing Director

Cathy Moises – Deputy Chair and Lead
Independent Non-Executive
Director

Dr Jason Berton – Independent Non-Executive
Director

Gary Jones – Non-Executive Director (resigned 13
August 2021)

Company Secretary and Chief Financial Officer

Ian Morgan

Registered Office

Level 12, 225 George Street

Sydney NSW 2000

Telephone

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Principal Place of Business

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Birchgrove NSW 2041

Email

info@easternmetals.com.au

Website

www.easternmetals.com.au

Securities Exchange (to be confirmed)

Australian Securities Exchange (ASX)

ASX Code: EMS

Securities Registry

Boardroom Pty Ltd

Level 12

225 George Street

SYDNEY NSW 2000

Telephone

1300 737 760 (in Australia)

+61 2 9290 9600 (International)

Auditor

RSM Australia Partners

Level 13

60 Castlereagh Street

SYDNEY NSW 2000

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Directors' Report

The Directors present their report, together with the Interim Financial Statements of Eastern Metals Limited ('the Company') at the end of and during the period ended 31 December 2021.

Directors

The Directors of the Company at any time during or since the end of the financial period are:

DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Bob Duffin	Non-Executive Chairman	Appointed 2 September 2020
Wayne Rossiter	CEO & Managing Director	Appointed 2 September 2020
Cathy Moises	Non-Executive Director	Appointed 26 July 2021
Jason Berton	Non-Executive Director	Appointed 26 July 2021
Gary Jones	Non-Executive Director	Appointed 2 September 2020 Resigned 13 August 2021

Review of Operations and Outlook¹

Overview and Strategy

Eastern Metals is a base and precious metals exploration company which owns three projects located in the Northern Territory and New South Wales. These are the Arunta Project in the Northern Territory, and the Cobar and Thomson Projects in New South Wales. Each of these Projects consists of from one to three granted exploration licences. Our flagship assets are the Browns Reef zinc-lead-silver deposit, part of our Cobar Project., and the Home of Bullion project at Barrow Creek, part of our Arunta Project. These flagship assets are classified as Advanced Exploration Projects under the Valmin Code and were acquired from Wesfarmers and were most recently explored by Kidman Resources Limited. The Arunta project was recently bolstered by the agreement to acquire the Neutral Junction Project from the unlisted Bowgan Minerals Limited.

Our Cobar Project includes the Browns Reef deposit where the Exploration Target is 27 to 37 million tonnes averaging between 1.3-1.4% zinc, 0.6- 0.7% lead, 9-10g/t silver and 0.2-0.3% copper. The potential quantity and grade of this Exploration Target are conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

¹ Refer to the Company's Prospectus dated 18 August 2021

Directors' Report (continued)

The strategy of Eastern Metals at Browns will initially be to follow up on historical ore grade and ore width drilling intercepts within the existing Exploration Target seeking to identify areas of higher grade mineralisation in which a resource can be identified. The extremely positive results of the first drilling program executing this strategy are set out later in this report. This historical drilling is broadly contained within a 2.7km strike length of the eastern flank of the interpreted syncline. This syncline is believed to be over 8km in strike with relatively light exploration outside of the Exploration Target on the eastern flank of the syncline and the western flank largely unexplored despite anomalous historical geochemical results in air core drilling.

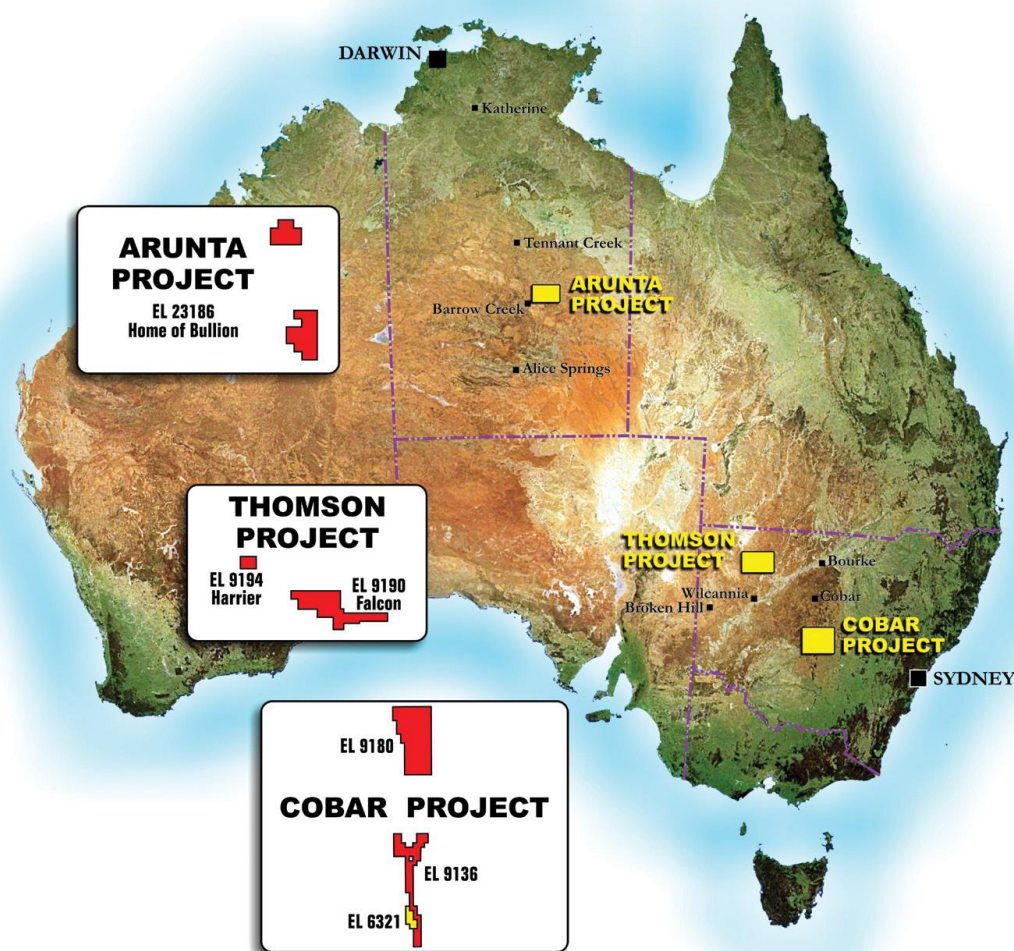


Figure 1 Location of Eastern Metals' Project Portfolio

The total Identified Mineral Resource at Home of Bullion is 2.5 million tonnes averaging 1.8% copper, 2.0% zinc, 36g/t silver, 1.2% lead and 0.14g/t gold. We will be seeking to grow this resource, with further drilling. In addition, there are other base metals targets for early testing both along strike from Home of Bullion, and at Prospect D, as well as lithium potential in this tenement.

At Home of Bullion the strategy is to expand the existing resource at Home of Bullion though a combination increasing the mineralised envelope where the existing resource has yet to be closed

Directors' Report (continued)

off and to identify additional mineralisation through exploration across an area of high priority exploration targets. In addition further evaluation will be undertaken on the lithium potential of the tenements which lie within the Barrow Creek pegmatite field, itself within the broader Arunta pegmatite province. In addition the Neutral Junction Project is along trend from the Home of Bullion copper deposit and the broader tenement package is prospective for base metals, lithium, rare earth elements (REEs) and gold.

Lastly our Thomson project is targeting magnetic “Bullseye” anomalies which are analogues to that which lead to the discovery several mines in the Cobar basin. Limited drilling by other exploration companies and interpretation by public authorities suggests the basement rocks could be similar to those in the Cobar area. Past drilling has returned anomalous levels of base metal values close to the source of subtle but well-defined magnetic anomalies, but we believe that many of the anomalies have not been thoroughly tested by previous drill holes. Subtle but well-defined magnetic anomalies are common features of orebodies in the Cobar area. Our approach here will be to work up targets through careful analysis of the high-quality data already available, and possibly seek external funding for the high cost, potentially high reward drilling.

There are “walk-up” drilling targets in all three Project areas. The Board believes that early testing of these targets enhances the scope for achieving exploration success, in preference to greenfield exploration which can be costly and time-consuming. That way, we hope to build shareholder value early in the life of the Company.

ASX Listing

On 25 October 2021, Eastern Metals Limited (ASX: EMS, ‘Eastern Metals’ or ‘the Company’ successfully listed on the Australian Securities Exchange (ASX), having raised \$6m through a fully subscribed Initial Public Offer (IPO) that closed on 21 September 2021.

The Company’s IPO was fully subscribed and raised \$6m through the issue of 30 million shares at \$0.20 per share with an additional 10 million unlisted three-year options with an exercise price of \$0.30 issued on a 1 for 3 basis, giving the Company a market capitalisation of approximately \$10.9 million at the offer price.

Cobar Project

Activities since listing have been focussed on the Browns Reef Project. Browns Reef lies 5km to the west of the town of Lake Cargelligo, approximately 470km west of Sydney. The area surrounding the Browns Reef base-metal deposit is utilised for agricultural purposes, including grazing and cropping.

The known deposit at Browns Reef occupies a small part of the tenement. Most of the deeper drilling to date has been confined to a zone approximately 2.7km long in the central to southern part of the tenement and is situated on the eastern flank of the interpreted 8km long syncline structure.

Eastern Metals’ initial exploration strategy is to follow up on previous drill holes where ore grade and width intercepts were defined in previous drilling. The objective is to identify high grade zones within the extensive mineralised system that may be minable. A long section for that part of the Browns Reef deposit that has been drilled identifies the Browns Reef North “High Grade Target Zone”, as shown below.

Directors' Report (continued)

The recently completed initial round of drilling was designed to follow up on hole BRD013 which returned an intersection of **7.0m averaging 5.5% Zn, 2.3% Pb, 0.5% Cu, 20.2 g/t Ag and 0.5 g/t Au in the Browns Reef North "High Grade Target Zone"**



Figure 2. BRD016 underway at Browns Reef

Drilling was undertaken by DDH1, who previously drilled for Kidman Resources at Browns Reef. The completed program consisted of an initial four holes which were carefully designed to step out from the previous drilled BRD013. These new holes, BRD016-BRD019, ranged in design length from 260m to 415m with a total length of 1,350m to be drilled. Rotary mud collars were drilled followed by diamond tails.

The plan diagram below shows the interpreted Browns Reef structure along with the location of the previous ore grade and ore width intercepts which are the initial focus of Eastern Metals' exploration.

Directors' Report (continued)

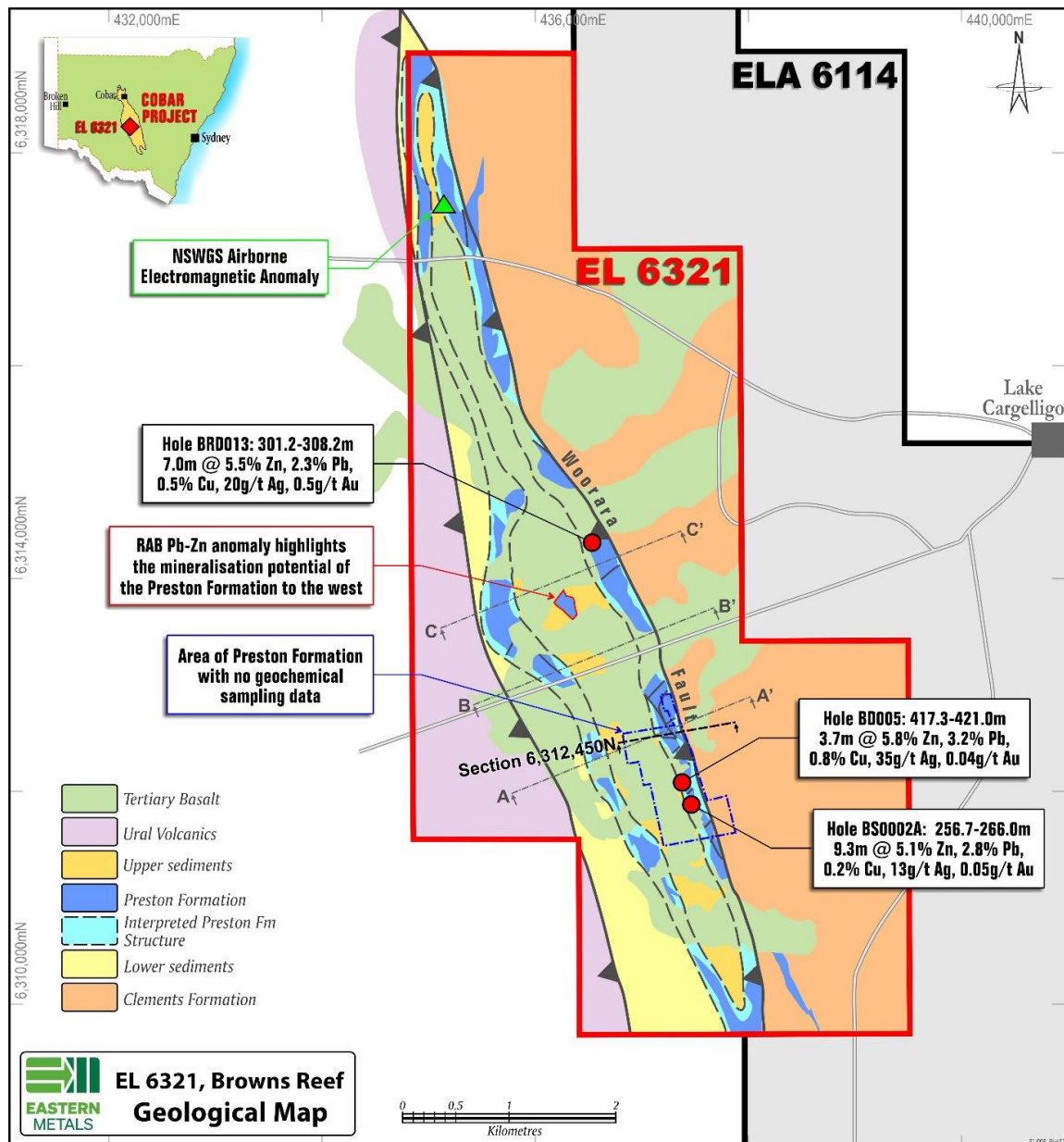


Figure 3. Interpreted Browns Reef structure with the location of the previous ore grade and ore width intercepts which are the initial focus of Eastern Metals' exploration.

Figure 3 shows the interpreted geology of the Browns Reef project area. This drawing also shows the location of the two high grade zones identified for further and more detailed follow-up drilling by Eastern Metals.

A long section through the eastern limb of the structure shown in Figure 3, is shown in Figure 4. This drawing also shows the location of the two high grade zones identified for further and more detailed follow-up drilling. The four red "dots" near BRD013 are the planned pierce points for the Company's recent four hole drilling program, which was designed to test the northern of the two zones.

Directors' Report (continued)

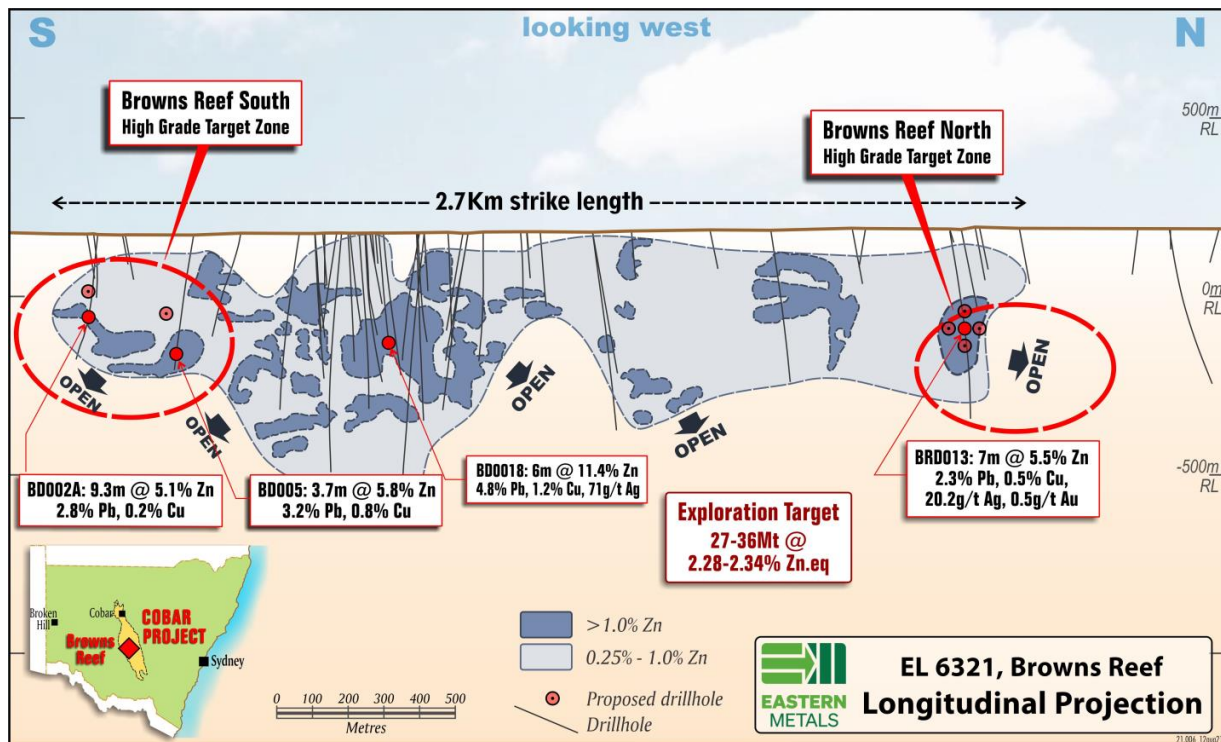


Figure 4 Long section of Browns Reef deposit previously drilled which identifies the Browns Reef North "High Grade Target Zone"

All four holes were completed in February 2022 with all holes encountering massive and disseminated mineralisation over significant intervals as set out below. Assays are pending and will be done by ALS Orange. Following obtaining results of these assays, and due to the outstanding results so far, Eastern Metals will prioritise further drilling at the Browns Reef Project.

Hole ID	Down Hole Interval (m)	Estimates True Width (m)	Description
BRD016	372.5 - 375.5	1.8	Mixed massive and disseminated sulphides
BRD016	453.4 - 472.1	11.2	
BRD017	224.65 – 239.95	9.18	
BRD018	241.95 – 263	12.43	
BRD019	269.5 – 283.85	8.61	

The results of these four holes, subject to assay results, are highly encouraging that the Company may have defined a potential large area of high-grade mineralization, that, with further drilling, may lead to the delineation of a possible mineral resource.

An interpreted section through the deposit on line 6314250mN showing previous holes and the completed BRD016 is shown in Figure 5. This section shown the two massive and disseminated sulphide zones intersected over 3.0 m interval from 372.5 to 375.5 m down hole (estimated true width 1.8m), and the thicker intersection of 18.7m metres from 453.4m to 472.1m down hole (estimated true width 11.2m), which is interpreted to be the down-dip extension of the lode

Directors' Report (continued)

intersected previously in BRD013. Base metal sulphide minerals including sphalerite, galena and chalcopyrite along with pyrite are present in the disseminated and massive sulphide zones.

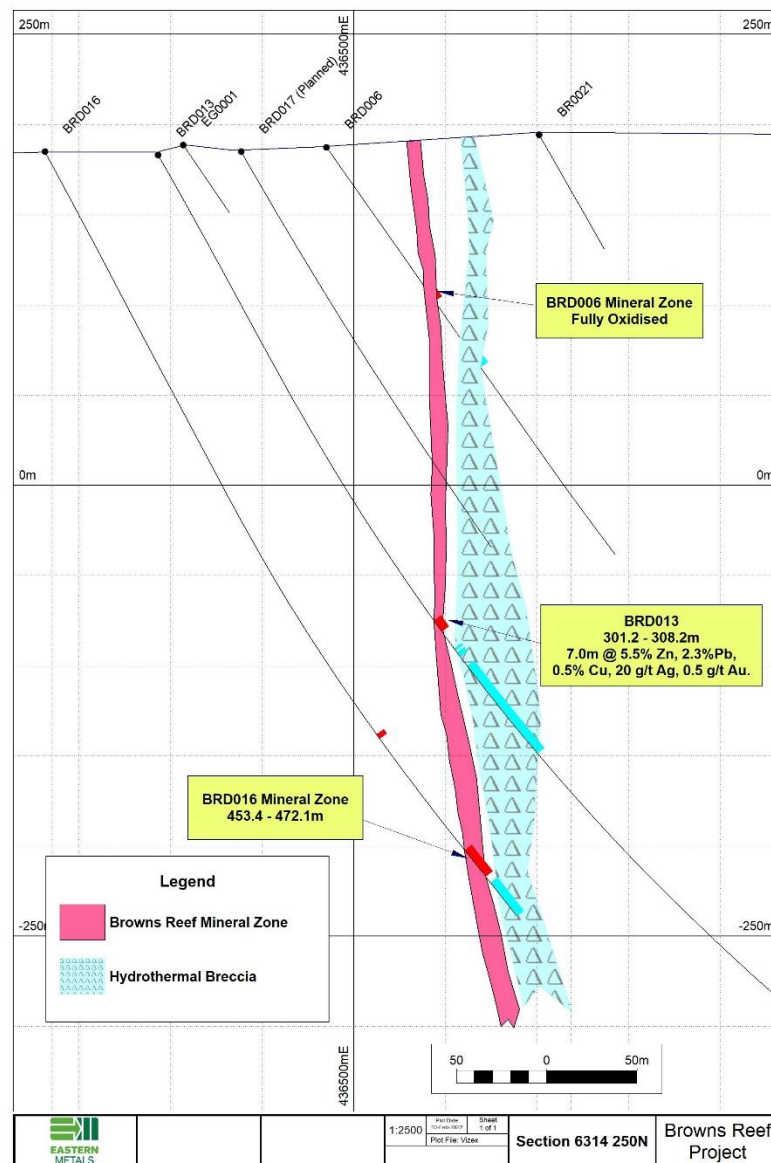


Figure 5 Interpreted cross section through the Browns Reef deposit showing previous drill hole traces and hole BRD016

Directors' Report (continued)

Initial analysis is indicating that the mineralised structures are steeper than previously interpreted. As a result of this BRD016 intersected the mineralised structures approximately 125m below the historical BRD013 which significantly extends the lode at depth.

Arunta Project

The Arunta Project area is situated to the east of the Stuart Highway between Alice Springs and Tenant Creek near the township of Barrow Creek.

A Land Access and Compensation Agreement has been executed with the pastoral station owners. The existing Native Title Agreement (NTA) with the Central Land Council (CLC) has been assigned to Eastern Metals. In addition to obtaining government permitting, approvals required under the NTA will be required prior to commencement drilling activities at Home of Bullion. The CLC requires new land clearances to be undertaken prior to commencement of any exploration activities which may not be undertaken for some considerable period of time and accordingly all activity will be delayed until this situation is clarified.

New South Wales residents were been prevented from entering the Northern Territory until late December 2021 and in early 2022 the Northern Territory government established biosecurity zones in remote indigenous communities which is where key traditional owners are located who will be needed for clearance approvals and activities. In addition, as summer temperatures in the region often exceed mid 40-degree Celsius, Eastern Metals has imposed strict travel protocols particularly for remote activities in the summer months.

Lithium Pegmatites

In addition to the metalliferous exploration opportunities at Barrow Creek, EL 23186 ('Barrow Creek') also holds potential for the discovery of hard rock lithium deposits developed in pegmatites. Accordingly Eastern Metals has now elevated its priorities to identify potentially lithium-bearing pegmatites at Barrow Creek.

The pegmatites are related to the Barrow Creek granite complex, which occurs widely throughout the Barrow Creek area, including at Prospect D where it outcrops. Interpretation of geophysical data suggests the granite occurs at shallow depth in the Home of Bullion area.

The initial reconnaissance and traversing program, which cannot be undertaken until new land clearances are performed by the CLC, will be focused on two zones in the eastern portion of the southern block of EL 23186. Up to 1,500 sample points across an area of 30 square kilometres will be tested, possibly aided by the use of portable XRF analysers. This sampling area will cover a large interpreted granitoid body which has been interpreted from analysis of magnetic imagery, providing a geochemical signature of this unit and possibly aiding in vectoring to lithium bearing intrusives. In addition, geological mapping in the northern portion of EL 23186 will also be carried out, particularly in areas of outcropping granite and its margins, to be followed by drilling if targets are generated.

Directors' Report (continued)

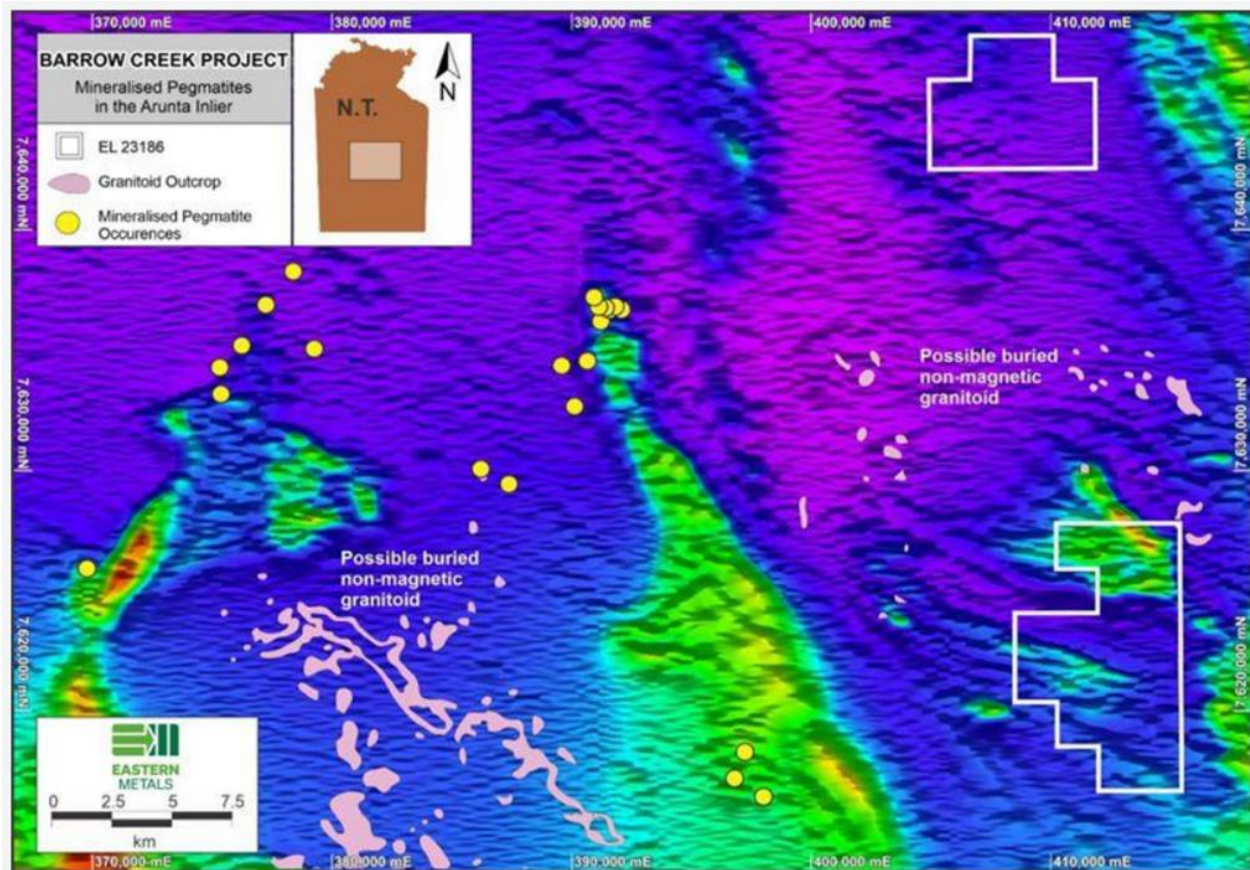


Figure 6. Known Pegmatites and Interpretation of Aeromagnetics Showing Possible Buried Granites

This program, along with a reconnaissance visit at Home of Bullion, will be undertaken once CLC land clearances and approvals are obtained.

Home of Bullion

At Home of Bullion, the Company has planned an initial 10-hole reverse circulation and diamond drilling programs designed to expand the existing resources where it remains open along strike and dip.

Bowgan Minerals – Neutral Junction Project

The Company secured a portfolio of significant exploration assets located in the Arunta pegmatite province in the Northern Territory. (**Neutral Junction Project**) This acquisition includes tenure immediately adjacent to and along trend from the Company's Home of Bullion Copper Mine which demonstrates excellent potential for copper-gold mineralisation. The broader tenement package is prospective for base metals, lithium, rare earth elements (REEs) and gold. This tenement package is free from the requirement to conduct new land clearances and will now be the spearhead for both lithium and copper reconnaissance activities in the Arunta project. Focus will be in the Donkey Creek – Home of Bullion areas which are both along trend from the Home of Bullion Copper deposit and situated in the Barrow Creek pegmatite field.

Directors' Report (continued)

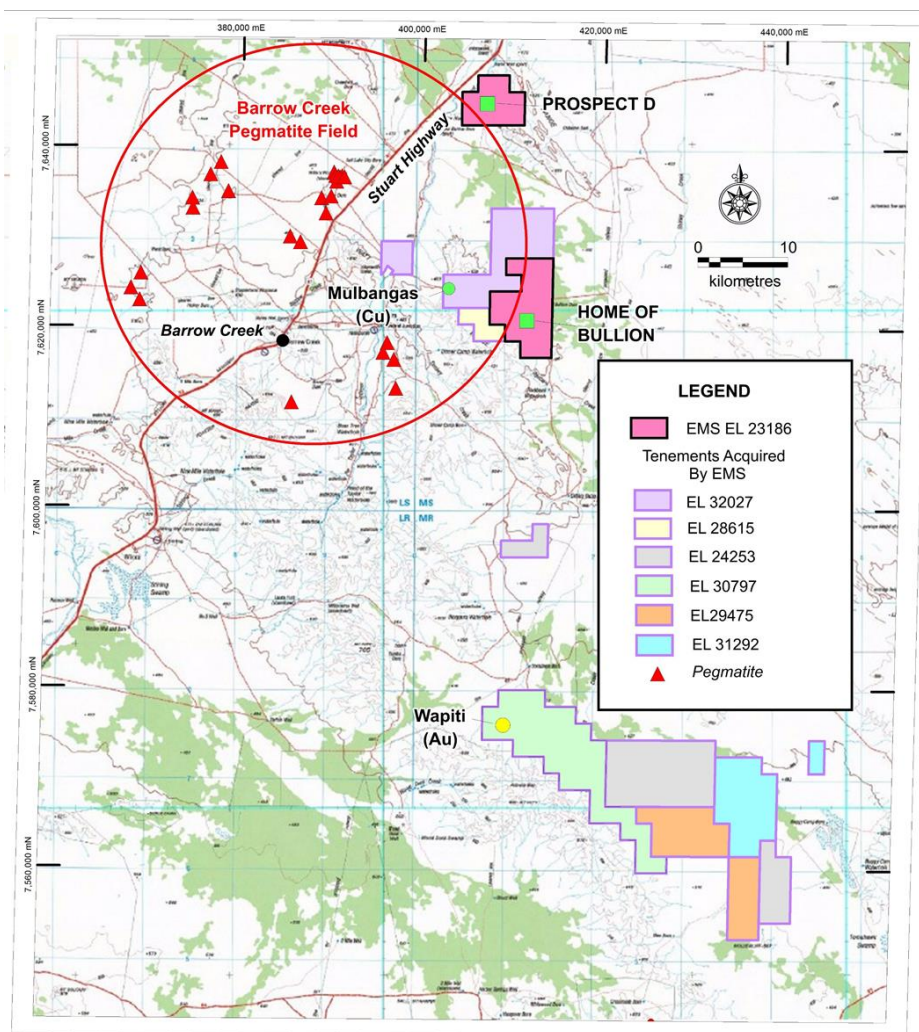


Figure 7. Eastern Metals' expanded Arunta Project tenure
showing interpreted Barrow Creek pegmatite field

Corporate

Financial

The Company incurred a \$1,159,013 loss after tax (2020: \$59,017) for the period ended 31 December 2021.

Events Subsequent to the Reporting Date

There are no matters or circumstances that have arisen since the end of the period which significantly affected, or may significantly affect, the operations of the Company, the results of these operations or the Company's state of affairs in future financial periods; excepting on 3 March 2022, the Company secured a portfolio of significant exploration assets located in the Arunta pegmatite province in the Northern Territory. (Neutral Junction Project).

The Company and Bowgan Minerals Limited (unlisted) (**Bowgan**) executed a Binding Heads of Agreement with an Asset Sale Agreement to follow. The key terms of the acquisition includes consideration of \$150,000, made up of \$50,000 in cash and the allotment of 408,163 fully paid Company shares (**Shares**), issued at a price of \$0.245 per Share. The Shares to be issued as part of the acquisition will be escrowed for 12 months from the date of issue. Consideration is payable upon

Directors' Report (continued)

completion being 20 business days after registration of the Company as the registered owner of each tenement owned by Bowgan.

Rounding Off

The Company is not of a kind referred to in *ASIC Corporations Instrument 2016/191* dated 1 April 2016 and as such, amounts in the Interim Financial Statements and Directors' Report have been reported to the nearest dollar, unless otherwise stated.

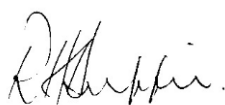
Previously Reported Information

Information in this report references previously reported exploration results extracted from Eastern Metals Limited's Prospectus dated 18 August 2021.

The Prospectus is available to view on the Eastern Metals Limited website www.easternmetals.com.au or on the ASX website www.asx.com.au.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Signed in accordance with a resolution of the Board of Directors.



Robert (Bob) Duffin

Chairman

Sydney

15 March 2022

Statement of Profit or Loss and Other Comprehensive Income

Interim Period Ended 31 December 2021

	Note	Period 1 July 2021 to 31 December 2021	Period 2 September 2020 (incorporation) to 31 December 2020
		\$	\$
Other Income		362	55
Expenses			
Administration expenses	C1	(384,148)	(59,072)
Share based payments expenses	A5	(775,227)	-
Total expenses		(1,159,375)	(59,072)
Loss before income tax		(1,159,013)	(59,017)
Income tax benefit		-	-
Net loss attributable to the members of the Company		(1,159,013)	(59,017)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the period		(1,159,013)	(59,017)
Loss per share – basic	C3	(0.03)	(19,672.33)
Loss per share - diluted	C3	(0.03)	(19,672.33)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes.

Statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 \$	30 June 2021 \$
Current assets			
Cash and cash equivalents		5,234,032	380,602
Trade and other receivables		50,743	4,156
Total current assets		5,284,775	384,758
Exploration and evaluation assets	A9	793,136	86,393
Tenement deposits		50,000	40,000
Plant and equipment		32,351	-
Total non-current assets		875,487	126,393
Total assets		6,160,262	511,151
Current liabilities			
Trade and other payables		83,867	540,209
Total current liabilities		83,867	540,209
Total non-current liabilities		-	-
Total liabilities		83,867	540,209
Net asset surplus / (deficiency)		6,076,395	(29,058)
Equity			
Issued capital	A5	7,145,203	3
Converting note		-	200,000
Share based payment reserve	A5	1,489,482	243,892
Share issue costs		(953,824)	(27,500)
Accumulated losses		(1,604,466)	(445,453)
Surplus / (Deficit)		6,076,395	(29,058)

The above Statement of Financial Position should be read in conjunction with the accompanying Notes.

Statement of Changes in Equity

Period Ended 31 December 2021

	Note	Ordinary fully paid shares \$	Converting Note \$	Accumulated Losses \$	Share based payment reserve \$	Share Issue Costs \$	Total Equity \$
Balance at 2 September 2020	A5	3	-	-	-	-	3
Net loss attributable to the members of the Company		-	-	(59,017)	-	-	(59,017)
Other comprehensive income for the period, net of tax		-	-	-	-	-	-
Total comprehensive income for the period		-	-	(59,017)	-	-	(59,017)
Contributions of equity, net of transaction costs		-	-	-	-	-	-
Equity settled share-based payments for the period		-	-	-	-	-	-
Balance at 31 December 2020		3	-	(59,017)	-	-	(59,014)
Balance at 1 July 2021		3	200,000	(445,453)	243,892	(27,500)	(29,058)
Net loss attributable to the members of the Company		-	-	(1,159,013)	775,227	-	(383,786)
Other comprehensive income for the period, net of tax		-	-	-	-	-	-
Total comprehensive income for the period		-	-	(1,159,013)	775,227	-	(383,786)
Contributions of equity, net of transaction costs		7,145,200	(200,000)	-	-	(455,961)	6,489,239
Equity settled share-based payments for the period	A5	-	-	-	470,363	(470,363)	-
Balance at 31 December 2021	A5	7,145,203	-	(1,604,466)	1,489,482	(953,824)	6,076,395

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

Statement of Cash Flows

Period Ended 31 December 2021

	Note	Period 1 July 2021 to 31 December 2021	Period 2 September 2020 (incorporation) to 31 December 2020
		\$	\$
Cash flows used in operating activities			
Receipts from customers		362	55
Payments to suppliers and employees		(348,790)	(64,902)
Net cash used in operating activities		(348,428)	(64,847)
Cash flows used in investing activities			
Payments for exploration and evaluation assets		(761,541)	(28,452)
Payments for tenement deposits		(10,000)	(10,000)
Purchases of plant and equipment		(36,115)	-
Net cash used in investing activities		(807,656)	(38,452)
Cash flows from financing activities			
Proceeds from loans	B3	500,000	104,206
Proceeds from share issues		6,000,000	-
Payments for capital raising costs		(490,486)	-
Net cash generated from financing activities		6,009,514	104,206
Net increase in cash and cash equivalents		4,853,430	907
Opening cash and cash equivalents		380,602	-
Closing cash and cash equivalents		5,234,032	907

The above Statement of Cash Flows should be read in conjunction with the accompanying Notes.

Notes to the Interim Financial Statements

Period Ended 30 June 2021

General Information

The Interim Financial Statements cover Eastern Metals Limited ("the Company") as an individual entity. The Interim Financial Statements are presented in Australian dollars, which is the Company's functional and presentation currency.

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the Interim Financial Statements.

The Interim Financial Statements were authorised for issue, in accordance with a resolution of Directors, 15 March 2022.

The Notes to the financial statement are set out in the following main sections:

Section A – Key Financial Information and Preparation Basis

Section B – Key Management Personnel and Related Party Disclosures

Section C – Other Disclosures

Section A – Key Financial Information and Preparation Basis

A. This section sets out the basis upon which the Company's Interim Financial Statements have been prepared as a whole and explains the results and performance of the Company that the Directors consider most relevant in the context of the operations of the entity.

A1. *Reporting Entity*

The Company is a company domiciled in Australia. These interim financial statements ("Interim Financial Statements") as at and for the interim period ended 31 December 2021 comprise only the Company, which has no subsidiaries.

The Company is an early-stage mineral exploration company.

A2. *Basis of Preparation*

The Interim Financial Statements are general purpose financial statements prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

They do not include all the information required for a full annual financial report. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last financial report for the period commencing 2 September 2020 (incorporation) and ended 30 June 2021.

The Interim Financial Statements were approved by the Board of Directors on 15 March 2022.

The Company is not of a kind referred to in ASIC Corporations Instrument 2016/191 dated 1 April 2016 and, in accordance with the Class Order, amounts in the Interim Financial Statements and Directors' Report have been rounded to the nearest dollar, unless otherwise stated.

Notes to the Interim Financial Statements (continued)

A3. *Historical cost convention*

The Interim Financial Statements are prepared on the historical cost basis other than share-based transactions that are assessed at fair value.

A4. *Critical accounting judgements, estimates and assumptions*

The preparation of the Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the Interim Financial Statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the financial period are discussed below.

A5. *Capital and Reserves*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share capital

Ordinary shares issued and fully paid	Date	Number of shares	Issue Price per share	\$
Shares issued on incorporation	2 September 2020	3	\$1.00	3
Balance	31 December 2020	3		3
Share split	1 January 2021	6,749,997	-	-
Share split	19 March 2021	750,000	-	-
Balance	30 June 2021	7,500,000		3
Shares issued for cash	26 July 2021	5,250,000	\$0.08	420,000
Shares issued for capital raising fee	26 July 2021	126,000	\$0.20	25,200
Shares issued to repay converting note	26 July 2021	11,666,667	\$0.06	700,000
Shares issued for cash (IPO)	11 October 2021	30,000,000	\$0.20	6,000,000
Balance	31 December 2021	54,542,667		7,145,203

Converting Note

On 6 March 2021 REC Investment Management Pty Limited (**REC**), a company related to the Company's Director Robert Duffin, subscribed for a converting note issued by the Company. The principal amount of the note was \$700,000 (2020: \$200,000) maturing on 30 June 2021. On 26 July 2021, the Note converted into the Company's ordinary fully paid shares for the price of \$0.06 per share upon REC giving notice of conversion.

Notes to the Interim Financial Statements (continued)

Options

Each option provides the right for the option holder to be issued one fully paid share by the Company, upon payment of the exercise price of each option. The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During the period ended 31 December 2021 there were no shares issued on the exercise of options (2020: Nil). 18,250,000 unquoted options were granted during the period ended 31 December 2021 (2020: Nil).

For each unquoted option:

1. Exercise price per share is \$0.30;
2. Vested on 14 October 2021; and
3. Expires on 14 October 2024 (3 years after the Company listed on the ASX).

8,250,000 unquoted options are subject to ASX escrow, expiring 14 October 2023.

Details of options over ordinary shares in the Company that were granted and vested during the financial period are as follows:

Share Based Payment Reserve		Date Granted	Number of Options		Share based payment expense
			Granted	Vested	\$
Balance on incorporation	2 September 2020		-	-	-
Balance	31 December 2020		-	-	-
Balance	30 June 2021	21 April 2021	6,000,000	-	243,892
Options vested 14 October 2021			-	6,000,000	383,258
Options granted for remuneration to employees and consultants		9 July 2021	3,750,000	3,750,000	391,969
			3,750,000	9,750,000	775,227
Options granted for capital raising fee		11 October 2021	4,500,000	4,500,000	470,363
Free attaching options granted (IPO – 1 option for every 3 shares)			10,000,000	10,000,000	-
			14,500,000	14,500,000	470,363
Balance	31 December 2021		24,250,000	24,250,000	1,489,482

During the period ended 31 December 2021, no options were exercised or expired (2020: Nil). Option expenses for the period ended 31 December 2021 totalled \$775,227 (2020: \$Nil).

Notes to the Interim Financial Statements (continued)

Share Unlisted Options

The fair value of the unlisted options was calculated at the date of grant using the Black Scholes option pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised as an expense in each reporting period.

Fair value at grant date	\$0.104525
Share price at grant date	\$0.20

Grant dates	Number of Options
21 April 2021	6,000,000
9 July 2021	3,750,000
11 October 2021	14,500,000
Total	24,250,000

Exercise price per option	\$0.30
Expected volatility (weighted average)	98.1%
Risk free interest rate (based on government bonds)	0.10%
Dividend yield	0.00%

The Company's accounting policy for the treatment of equity-settled share-based payment arrangements granted to employees

The grant-date fair value of equity-settled share-based payment arrangements granted to employees and consultants is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

A6. *Dividends*

No dividends were paid by the Company during the interim period to 31 December 2021 (2020: \$Nil).

Notes to the Interim Financial Statements (continued)

A7. Exploration Commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements.

Details of mining tenements held at 31 December 2021 and their location are:

Tenement reference	Details	Expiry date	Location	Interest	Expenditure commitments
				%	\$
EL23186	Barrow Creek, NT	14-Jul-22	290 km north of Alice Springs	100	120,000
EL6321	Browns Reef, NSW	10-Oct-22	Lake Cargelligo; NSW	100	1,041,000
EL9190	Falcon, NSW	7-Jun-23	Between Tibooburra and Cobar, NSW	100	575,000
EL9136	Bothrooney, NSW	15-Apr-24	Lake Cargelligo; NSW	100	150,000
EL9180	Tara, NSW	21-May-24	Between Lake Cargelligo and Cobar	100	50,000
EL9194	Harrier, NSW	7-Jun-26	Between Tibooburra and Cobar, NSW	100	50,000
					1,986,000

Expenditure requirements for tenements

	31 December 2021	30 June 2021
	\$	\$
Within one year	1,161,000	755,500
One year or later and not later than five years	825,000	1,230,500
Later than five years	-	-
Total	1,986,000	1,986,000

All the Company's licences are in good standing at the date of this report.

A8. Contingencies

There are no contingent liabilities at 31 December 2021.

A9. Exploration and Evaluation Assets

Exploration and evaluation costs are stated at cost less accumulated amortisation and impairment losses.

	\$
Balance on incorporation 2 September 2020	-
Additions during financial year 2021	86,393
Balance at 30 June 2021	86,393
Balance 1 July 2021	86,393
Additions during the interim period	706,743
Balance at 31 December 2021	793,136

A10. Segment Reporting

An operating segment is a component of the Company that engages in business activities whose operating results are reviewed regularly by the Company's Board and for which discrete financial information is available.

Notes to the Interim Financial Statements (continued)

For the period ended 31 December 2021, the Company had a single operating segment.

Business and geographical segments

The results and financial position of the Company's single operating segment are prepared on a basis consistent with Australian Accounting Standards and thus no additional disclosures in relation to the revenues, profit or loss, assets and liabilities and other material items have been made. Entity-wide disclosures in relation to the Company's product and services and geographical areas are detailed below.

Products and services

The Company currently provides no products for sale.

Geographical areas

The Company's activities are located solely in Australia.

A11.

Subsequent Events

There are no matters or circumstances that have arisen since the end of the period which significantly affected, or may significantly affect, the operations of the Company, the results of these operations or the Company's state of affairs in future financial periods; excepting on 3 March 2022, the Company secured a portfolio of significant exploration assets located in the Arunta pegmatite province in the Northern Territory. (Neutral Junction Project).

The Company and Bowgan Minerals Limited (unlisted) (**Bowgan**) executed a Binding Heads of Agreement with an Asset Sale Agreement to follow. The key terms of the acquisition includes consideration of \$150,000, made up of \$50,000 in cash and the allotment of 408,163 fully paid Company shares (**Shares**), issued at a price of \$0.245 per Share. The Shares to be issued as part of the acquisition will be escrowed for 12 months from the date of issue. Consideration is payable upon completion being 20 business days after registration of the Company as the registered owner of each tenement owned by Bowgan.

Notes to the Interim Financial Statements (continued)

Section B – Key Management Personnel and Related Party Disclosures

B. This section includes information about key management personnel's remunerations, related parties information and any transactions key management personnel or related parties may have had with the Company during the period.

B1. *Key Management Personnel Expenses*

There are no key management personnel expenses for the period ended 31 December 2021 other than the share-based payment expense (\$383,258) reflected in Note A5.

B2. *Key Management Personnel Disclosures*

Individual Directors and executive compensation disclosures

Information regarding individual Directors' and executives' compensation and some equity instruments disclosures are required by Corporation Regulation 2M.3.03.

Apart from the details disclosed in this Note, no Director has entered into a material contract with the Company during the financial period and there were no material contracts involving Directors' interests existing at period-end.

Directors' transactions with the Company or its controlled entities

There are no amounts payable to Directors and their Director related entities for unpaid Directors' fees, statutory superannuation owed to each Director's superannuation fund, and consulting fees at the reporting date.

B3. *Related Party Disclosures*

The following related party transaction charges for Directors' fees, consulting fees and loan advanced to the Company were made with the Company on normal terms and conditions and in the ordinary course of business:

	Transaction Value for interim period ended 31 December \$	Balance Outstanding as at 31 December \$	Term
31 December 2020			
<i>Cash Remuneration</i>			
Directors' Fees	-	-	
Salaries, including superannuation	-	-	
Consulting Fees	-	-	
	-	-	
<i>Non-cash Remuneration</i>			
Share based payments	-	-	
<i>Financing on behalf of the Company</i>			
Converting note drawdown by the Company	-	-	
Cash advance	65,000	65,000	
Expenditure incurred on the Company's behalf	39,206	39,206	Payable on demand

Notes to the Interim Financial Statements (continued)

	Transaction Value for interim period ended 31 December \$	Balance Outstanding as at 31 December \$	Terms
31 December 2021			
<i>Cash Remuneration</i>			
Directors' fees	19,432	-	Payable on demand
Salaries, including superannuation	52,235	19,973	
Consulting Fees	4,688	-	
	76,355	19,973	
<i>Non-cash Remuneration</i>			
Share based payments	592,308	-	
<i>Financing on behalf of the Company</i>			
Converting note drawdown by the Company	500,000	-	
Cash advance	-	-	
Expenditure incurred on the Company's behalf	-	4,154	Payable on demand

B4. *Directors' Equity Securities*

Unlisted Options

On 9 July 2021, a total of 2,000,000 unlisted options were granted to Directors. The options were granted at no cost to the recipient. The fair value of the options at the grant date is determined using the Black Scholes model. Refer Note A5 for more details. The options expense for the interim period to 31 December 2021 totals \$209,050 (2020: \$Nil).

No terms of equity settled share-based payment transactions (including options granted as compensation to key management persons) have been altered or modified by the issuing entity during the interim period.

There are no entitlements for the Company's option holders to participate in new issues of capital which may be offered to the Company's existing ordinary shareholders.

The Company prohibits those that are granted share-based payments as part of their remuneration from entering other arrangements that limit their exposure to losses that would result from share price decreases. Entering such arrangement is prohibited by law.

Notes to the Interim Financial Statements (continued)

Section C – Other Disclosures

C. This section includes information that the Directors do not consider to be significant in understanding the financial performance and position of the Company but must be disclosed to comply with the Accounting Standards, the Corporations Act 2001 (Cth) or the Corporations Regulations.

C1. *Administration Expenses*

	Period 1 July 2021 to 31 December 2021 \$	Period 2 September 2020 (incorporation) to 31 December 2020 \$
Accounting fees	(25,676)	(18,166)
Audit fees	(10,000)	-
Compliance costs (general meetings, ASIC, ASX, Company Secretary)	(113,078)	(608)
Consulting expenses	(72,310)	-
Depreciation	(481)	-
Director fees, salaries and superannuation expenses	(90,052)	(77)
Non director salaries and superannuation expenses	(28,620)	-
Direct salaries transferred to exploration costs	60,959	-
Insurance expenses	(26,093)	-
Legal expenses	(67,736)	(40,150)
Other costs	(11,061)	(71)
	(384,148)	(59,072)

C2. *Significant Accounting Policies*

The accounting policies and methods of computation adopted in the preparation of the Interim Financial Report are consistent with those adopted and disclosed in the Company's financial statements as at and for the period ended 30 June 2021.

C3. *Loss per Share*

Basic earnings per share (EPS) is calculated by dividing the net profit or loss attributable to members of the Company for the financial period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after-tax effect of financial costs associated with dilutive ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary and dilutive potential ordinary shares adjusted for any bonus issue.

Notes to the Interim Financial Statements (continued)

The calculation of basic and diluted loss per share for the period ended 31 December 2021 was based on the net loss attributable to ordinary shareholders of \$1,159,013 (2020: \$59,017) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2021 of 35,340,986 (2020: 3) calculated as follows:

	2021	2020
	\$	\$
Net loss attributable to the members of the Company	(1,159,013)	(59,017)
<i>Weighted average number of ordinary shares</i>		
Undiluted Number of Shares	Number	Number
Issued ordinary shares at beginning of the period	7,500,000	3
Shares issued 26 July 2021	14,634,464	-
Shares issued 11 October 2021	13,206,522	-
Weighted average number of ordinary shares used in calculating basic and diluted profit per share	35,340,986	3
	\$	\$
Loss per share – basic	(0.03)	(19,672.33)
Loss per share – diluted	(0.03)	(19,672.33)

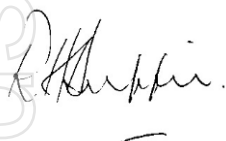
15,949,728 potential shares (2020: Nil) were excluded from the calculation of diluted loss per share because they are antidilutive for the period ended 31 December 2021 as the Company is in a loss position.

Directors' Declaration

In the opinion of the directors of Eastern Metals Limited:

- (a) the condensed financial statements and notes set out on pages 15 to 28 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the interim period 1 July 2021 to 31 December 2021; and
 - ii. complying with Australian Accounting Standards *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Robert (Bob) Duffin

Chairman

Sydney

15 March 2022

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

Eastern Metals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Eastern Metals Limited which comprises the of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Eastern Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Eastern Metals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Eastern Metals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read "G N Sherwood", with the initials "GNS" written to the right.

G N Sherwood
Partner

Sydney, NSW
Dated: 15 March 2022

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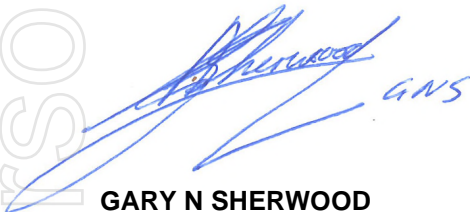
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Eastern Metals Limited for the half year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

 GNS

GARY N SHERWOOD
Partner

Sydney, NSW

Dated: 15 March 2022